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OCTOBER 8, 1943

WAR FOOD ADMINISTRATION

[Regulation 3]

PART 1598—GENERAL REGULATIONS

LICENSED SHIP SUPPLIERS PERMITTED TO BUY
SET ASIDE AND RESTRICTED FOOD

The following regulation is deemed necessary and appropriate to permit licensed ship suppliers to obtain set aside and restricted foods to supply ship operators.

§ 1598.7 *Purchase and sale of set aside and restricted food by licensed ship suppliers*—(a) *Definitions*. For the purposes of this regulation:

(1) "Ship operator" means any person conducting the business of vessels for the account of the United States under a general agency form of service agreement approved by the Administrator of the War Shipping Administration; or operating, as the owner or owner's agent, a vessel time chartered to the United States, represented by the Administrator of the War Shipping Administration; or operating a vessel, the services of which are employed by the United States, represented by the administrator of the War Shipping Administration; or operating a vessel designated by the War Shipping Administration, which is owned, chartered, or operated by any allied or neutral country.

(2) "Set aside food" means that portion of any of the foods listed in Schedule A hereof, as amended from time to time, held by any person pursuant to a food order.

(3) "Restricted food" means that portion of any of the foods listed in Schedule B hereof, as amended from time to time, which a person restricted by a food order has sold or may sell without such sales being charged against his quota under the food order.

(4) "Designated food" means that portion of any of the foods listed in Schedule C hereof, as amended from time to time, held by any person pursuant to a food order.

(5) "Person" means any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not, and includes the States and their political subdivisions and agencies.

(6) "Director" means the Director of Food Distribution, War Food Administration.

(7) "Ship supplier" means any person who at any time during the last six months of 1942 was regularly engaged in operating a bona fide business of supplying foodstuffs directly to ship operators for ship stores.

(8) "Ship stores inventory" means that quantity of set aside, restricted, and designated food which the ship supplier has obtained for sale as ship stores by use of certificates under this regulation, under Food Distribution Regulation No. 2 (8 F.R. 7523), or by special authorization from the Director, and which is (i) owned by him and in his possession, (ii) in transit to him, (iii) on consignment to him and in his possession, or (iv) in storage subject to his disposition. It also includes all food purchased or ordered by a ship supplier through the use of certificates under this regulation which has not been delivered.

(9) "Ship stores quota" means a quantity of any set aside, restricted, or designated food equal to the total quantity of such food sold directly to ship operators by a ship supplier (each outlet considered separately), during any two calendar months during the period July 1, 1942 to June 30, 1943.

(b) *License required of ship suppliers*. A ship supplier in order to obtain any set aside, restricted, or designated foods for delivery to ship operators must hold a valid and effective license under the provisions of this regulation. Separate licenses are required for each outlet selling food for ship stores regardless of common ownership of two or more of such outlets.

(c) *Issuance of licenses*. All applications for licenses under this regulation shall be submitted on such forms and contain such information as the Director may require. Application forms may be obtained from regional offices of Food Distribution Administration or regional offices of War Shipping Administration. Applications shall be submitted to the War Shipping Administration for approval. Upon the receipt of an application properly executed, and approved by the War Shipping Administration, the Director shall issue the license unless he has reason to believe that the applicant did not, cannot, or will not comply with the provisions of this regulation. Licenses issued hereunder may not be transferred in any manner. At any time the War Shipping Administration may withdraw its approval given hereunder, and thereupon shall advise the Director promptly.

(d) *Sales of food acquired under this regulation by ship suppliers*. A licensed ship supplier may sell or deliver food contained in his ship stores inventory only to a ship operator for immediate delivery on board a vessel, or to another licensed ship supplier who furnishes the certificate provided for in this regulation.

Licensed ship suppliers shall not sell or deliver any such food to any other person or to any ship operator for purposes other than immediate delivery on board a vessel.

(e) *Acquisition of set aside and restricted food by ship suppliers*. The ship stores inventory of any set aside, restricted, or designated food of any licensed ship supplier may not exceed his ship stores quota. Within this limitation, and not otherwise, licensed ship suppliers may purchase set aside and restricted food pursuant to this regulation. If, on the effective date of a license issued under this regulation, a licensed ship supplier has a total ship stores inventory greater than his ship stores quota, he shall not purchase any of the kinds of set aside, restricted, or designated food which he holds in excess of his ship stores quota until he has reduced his holdings below his ship stores quota.

(f) *Certifications*. Licensed ship suppliers shall attach to each of their purchase orders for set aside and restricted food under this regulation a certificate in substantially the following form:

I hereby certify and represent to the War Food Administrator and to the seller that the quantities of the commodities listed herein and included in the attached purchase order are and may be ordered pursuant to the provisions of Food Distribution Regulation ----, with the terms of which I am familiar.

Date	Name of firm
	Address
License number	Authorized representative

This certificate shall not be used for purchases of other than set aside, restricted, or designated food for sale as ship stores.

(g) *Sales of set aside, restricted, and designated food to ship suppliers*. Notwithstanding the provisions of any food order now or hereafter issued, unless specifically prohibited therein, any licensed ship supplier may purchase set aside, restricted, or designated food for sale as ship stores from any person and any person may sell or deliver set aside, restricted, or designated food for sale as ship stores to licensed ship suppliers: *Provided*, That all such purchases are certified as provided in paragraphs (f) and (h). All such sales or deliveries may be reported and considered by the sellers in the same manner as sales to the War Shipping Administration. Purchases of set aside, restricted, and designated food by licensed ship suppliers for purposes other than sale to ship operators are unaffected by this regulation.

(h) *Acquisition of designated food by ship suppliers.* Designated food may be purchased by licensed ship suppliers only by complying with provisions of paragraphs (e), (f), and (g) hereof and, in addition thereto, by securing special authorization therefor from the Director. Applications for such authorization shall be sent to the Director and shall specify the items desired and the quantity, quality, and container size desired. The name of the person from whom it is proposed to buy these foods shall also be stated. Applications may be made by mail or by telegraph. The certificate used for the purchase of designated food shall contain the following statement in addition to the statement prescribed by paragraph (f) hereof:

The purchase of all designated food listed hereon has been authorized by the Director of Food Distribution.

(i) *Purchases from intermediate distributors.* A ship supplier may purchase set aside and restricted food for ship stores directly from the person who is required to set aside food or who is restricted by any food order, or may purchase such food indirectly from jobbers, wholesalers, or other intermediate distributors. Where such purchases are made indirectly, the intermediate distributor shall make copies of the certificates provided in paragraph (f) hereof, certified by him to be correct, or may make lists of all or part of the food items on such certificates, certified by him to be correct. Any person may sell to any intermediate distributor the quantities of set aside food or restricted food covered by such certified copy or certified list furnished to him and may treat such sales in the same manner as sales of ship stores made directly to licensed ship suppliers.

(j) *Change in ship stores quotas.* (1) When recommended by the War Shipping Administration, the Director may authorize an emergency increase in the ship stores quota of any licensed ship supplier. The Director may limit the duration of such increase.

(2) The Director may increase or reduce the ship stores quota of any licensed ship supplier, and may establish a ship stores quota for any licensed ship supplier.

(k) *Stockpiles established at the request of the War Shipping Administration.* None of the provisions of this regulation shall apply to any acquisition or disposition by licensed ship suppliers of food acquired by them for stockpiling purposes pursuant to written instructions concerning these stockpiling operations, issued by the War Shipping Administration, and subject to the direction and control of the War Shipping Administration.

(l) *Records and reports.* (1) The Director shall be entitled to obtain such information from and require such reports and the keeping of such records by any person as may be necessary or appropriate in his discretion to the enforcement of the provisions of this regulation.

(2) Every person subject to this regulation shall, for at least two years (or for such other period of time as the Director may designate), maintain an accurate record of his transactions in set aside, restricted, and designated food, and a record of his ship stores inventory at the end of each calendar month. Every person receiving certificates or lists as provided in paragraphs (d), (g), and (i) hereof, shall preserve them for at least two years.

(3) The record-keeping requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942. Subsequent record-keeping or reporting requirements will be subject to the approval of the Bureau of the Budget pursuant to the Federal Reports Act of 1942.

(m) *Audits and inspections.* The Director shall be entitled to make such audit or inspection of the books, records and other writings, premises and inventories of any person affected by this regulation and to make such investigations as may be necessary or appropriate, in his discretion, to the enforcement or administration of the provisions of this regulation.

(n) *Petition for relief from hardship.* Any person affected by this regulation who considers that compliance herewith would work an exceptional and unreasonable hardship on him may apply, in writing, for relief to the Director, setting forth in such petition all pertinent facts and the nature of the relief sought. The Director may thereupon take such action as he deems appropriate and such action shall be final.

(o) *Revocation of license.* At any time, the Director may suspend or revoke the license granted under this regulation to any licensed ship supplier. Upon being notified by the War Shipping Administration that it has withdrawn its approval under the provisions of paragraph (c) of this regulation with respect to any licensee hereunder, the Director shall revoke the license of that licensee. A ship supplier whose license is suspended or revoked by the Director shall dispose of his ship stores inventory according to instructions issued by the Director.

(p) *Violations.* The Director may, by suspension order, prohibit any person who violates any provision of this regulation from receiving, making any deliveries of, or using any material subject to priority or allocation control by the War Food Administrator, and may recommend that such person be prohibited from receiving, making deliveries of, or using materials subject to the priority or allocation control of other Government agencies. In addition, any person who wilfully violates any provision of this regulation is guilty of a crime and may be prosecuted under any or all applicable laws. Civil action may also be instituted to enforce any liability or duty created by, or to enjoin any violation of, any provision of this regulation.

(q) *Communications.* All reports required to be filed hereunder and all communications concerning this regulation

shall, unless otherwise directed, be addressed to: Director of Food Distribution, War Food Administration, Washington 25, D. C., Ref.: FDR-3.

(r) *Territorial extent.* This regulation applies to all persons in the forty-eight States, the District of Columbia, the territories, and the possessions of the United States.

(s) *Delegation of authority.* The administration of this regulation and the powers vested in the War Food Administrator, insofar as such powers relate to the administration of this regulation, are hereby delegated to the Director. The Director is authorized to amend the schedules to this regulation and is authorized to redelegate to any person within the United States Department of Agriculture any or all of the authority vested in him by this regulation.

(t) *Effective date.* This regulation shall be effective on November 15, 1943.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423)

Issued this 8th day of October 1943.

MARVIN JONES,
War Food Administrator.

SCHEDULE A

Set aside foods:	Applicable Food Distribution Order
American (Cheddar) cheese-----	15
Beef-----	75-2
Butter-----	2
Concentrated citrus juices-----	3
Dried skim milk-----	54
Rice-----	10
Turkeys-----	71

SCHEDULE B

Restricted foods:	
Frozen dairy foods-----	8
Fats and oils (excluding lard) (Limited to salad and cooking fats, shortening and compounds, margarine, and soap (bar soap and soap powder))-----	42
Honey-----	47
Imported salted fish-----	72
Meats (Limited to beef, lamb, pork, veal)-----	75-1
Molasses-----	51
Peanuts and peanut butter-----	78
Pet foods-----	58
Spices-----	19
Tea-----	18

SCHEDULE C

Designated foods:	
Canned fish and shellfish (Limited to Maine and California sardines, salmon, shrimp, mackerel)-----	44
Canned fruits and fruit juices (Limited to apples, apricots, berries, red sour pitted cherries, figs, fruit-cocktail, grapefruit, peaches, pears, pineapple, orange juice, grapefruit juice, orange and grapefruit juice, and pineapple juice)-----	22-4
Canned vegetables and vegetable juices (Limited to asparagus, lima beans, snap beans, beets, carrots, corn, peas, pumpkin and squash, spinach, tomatoes, tomato puree, tomato paste, tomato juice, and tomato catsup)-----	22-4
Dehydrated vegetables (Limited to beets, cabbage, onions, potatoes, and rutabagas)-----	30
Dried fruits (Limited to apples, apricots, pears, peaches, prunes, and raisins)-----	16
Dried beans and peas-----	45

Press Release, Immediate:
Saturday, October 9, 1943.

The War Food Administration today announced a licensing program for suppliers who sell "set-aside", "restricted" or "designated" foods to ships operating under direction of the War Shipping Administration and vessels of allied or neutral countries named by that agency.

The program is effective November 15, 1943, and after that date all such food suppliers will be required to have operating licenses issued by the Director of Food Distribution. Licenses will be issued only to those who were engaged regularly during the last 6 months of 1942 in supplying foodstuffs to ship operators.

The licensing program, provided in Food Distribution Regulation No. 3, will supersede provisions applying to ship suppliers in Food Distribution Regulation No. 2. FDR 2 authorized a certificate plan by which suppliers could obtain replacements for the quantity of set

aside and restricted foods sold to contract schools and ships. Food Distribution Regulation 2 has been amended to exclude all provisions affecting ship suppliers, but retains the certificate plan for schools under contract for training military personnel.

When a supplier is licensed, he will be required to report how much of foods classified in FDR 3 he has on hand. He also will be given an inventory quota based on the total of these foodstuffs he sold to ship operators during any two calendar months in the year beginning July 1, 1942. In making purchases, the supplier will not be permitted to buy quantities that would build his inventory beyond his allowable quota.

The new regulation will give WFA more effective control over food supplies for ships, officials said, and will enable ship suppliers to maintain adequate inventories for servicing ships. It also will reduce the possibility that foodstuffs for ships will be obtained from supplies allocated to civilians.

Foods classified in FDR 3 as "set aside" foods are American cheese, beef, butter, concentrated citrus juices, dried skim milk, rice, and turkeys. In the "restricted" group are frozen dairy foods, fats and oils, honey, imported salted fish, meats, molasses, peanuts and peanut butter, pet foods, spices and tea. Foods especially designated are canned fish and shellfish, canned fruits, vegetables and juices, dehydrated vegetables, dried fruits, and dried beans and peas.

Licenses must be obtained for every outlet supplying food to ships, regardless of common ownership. Applications must be submitted on Form FDR-3-1 to the Director of Food Control, War Shipping Administration, Washington, D. C. When approved by WSA, they will be forwarded to the Director of Food Distribution, War Food Administration, for issuance of the license. Application forms may be obtained from regional offices of Food Distribution Administration or regional offices of War Shipping Administration.

